



DEPARTMENT OF INSURANCE

STATE OF ARIZONA

Financial Affairs Division – Trust Deposit Unit
2910 North 44th Street, Suite 210
Phoenix, Arizona 85018-7269
Phone: (602) 364-2712
Fax: (602) 364-3989

Workers' Compensation Deposit Reduction Procedures

Please note that all forms referenced herein are available on our web site at:

http://www.id.state.az.us/corp_misc.html

1. **CERTIFICATES OF DEPOSIT** - Insurers requesting to reduce a Workers' Compensation deposit that is comprised of Certificate(s) of Deposit ("CD") (i.e., replace a CD currently on deposit with a new CD of lesser amount) held in safekeeping by the Arizona State Treasurer must send with the Form E478:
 - a. A properly completed and executed Application and Order for Release of Excess Deposit Form E126XS.
2. **SECURITIES DEPOSIT ACCOUNT** - Insurers requesting release of excess marketable securities held in a Workers Compensation deposit account at the Arizona State Treasurer's custodial bank must send with the Form E478:
 - a. A schedule listing each security held in the deposit account with its face value and market value **and** a calculation of the Account Value* for the total deposit.
 - b. A properly completed and executed Application and Order for Release of Excess Deposit Form E126XS.

*Account Value is defined in Custody Agreement Form E003 as "the aggregate of the (a) cash, plus (b) the **lesser** of the market value, par value or amortized value of each Eligible **Security** in the Account."

The same duly authorized officer of the company must sign all required forms.

All applicants must respond to requests for additional information or documentation from the Analyst reviewing the application within specified time frames. Therefore, it is critical that the applicant provides the name of contact, name of company (if other than insurer) and address to whom correspondence concerning its application is to be mailed. Failure to submit proper and complete applications or to respond to requests from the Analyst will result in termination of the Department's review of the application.

Upon completing its review of the application, the Department will either sign the Order authorizing the deposit reduction or notify the insurer of its analysis and reason(s) for denial of the application.

Do not take direct action to reduce the principal funds of an assigned CD or contact the Arizona State Treasurer's custodial bank to request release of securities until you have received a copy of the signed Form E126XS Order.

After the Order for Release of Excess Deposit Form E126XS has been signed, you will receive further instructions regarding the forms required to release or exchange CD's or securities, as applicable. A "MAB Change Notice" will be faxed to the custodial bank and to the Contact Person of record for the Workers' Compensation deposit account to establish the new Minimum Account Balance ("MAB") amount for the account. Upon receipt of the MAB Change Notice, the Company can directly contact the custodial bank to request release(s) of securities in accordance with the provisions of Custody Agreement Form E003.

Please contact the Trust Deposit Unit at (602) 912-2712 for assistance